Province of Nova Scotia
Financial Statements
1990

Nova Scotia

91-01475/

This report presents the Financial Statements of the Province of Nova Scotia for the fiscal year ended March 31, 1990. The complete Public Accounts will be presented to the Legislative Assembly at its next session.

Hon. Greg Kerr,
Minister of Finance

Province of Nova Scotia Financial Statements 1990

Nova Scotia

Province of Nova Scotia

Financial Statements

March 31, 1990

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Province of Nova Scotia

Auditors' Report

The Honourable Greg Kerr,
Minister of Finance,
Province of Nova Scotia,
Halifax, Nova Scotia.

Sir:

We have examined the statement of financial position of the Province of Nova Scotia as at March 31, 1990 and the statements of consolidated fund transactions and of current revenue and expenditure for the year then ended together with notes to the financial statements and the supporting statements. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Province of Nova Scotia as at March 31, 1990 and the results of its consolidated fund transactions and of its operations for the year then ended in accordance with the accounting policies stated in the notes to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte & Touche
Chartered Accountants

Montreal, Quebec
September 14, 1990

Province of Nova Scotia

Statement of Financial Position

as at March 31, 1990

	1990	1989
	(in thousands)	
ASSETS		
Current Assets:		
Cash and short-term investments	$ 21,133	$ 302,748
Accounts receivable	359,242	297,716
Inventories	31,060	29,067
Advances	2,481	2,399
	413,916	631,930
Capital Assets:		
Advances (Note 3)	736,594	754,730
Investments (Note 3)	12,131	34,923
	748,725	789,653
	$ 1,162,641	$ 1,421,583
LIABILITIES		
Current Liabilities:		
Bank advances and short term borrowings	$ 133,123	$ 51,568
Accounts payable	457,532	276,317
Accrued interest	173,935	173,863
	764,590	501,748
Capital Liabilities: (Note 4)		
Debentures	6,216,590	5,625,809
Other Capital Liabilities	62,220	65,200
	6,278,810	5,691,099
Less: Sinking Funds	1,426,702	1,267,643
	4,852,108	4,423,456
Deficiency in net assets of Sydney Steel Corporation (Note 2)	—	443,542
	5,616,698	5,368,746
NET DIRECT DEBT		
Net Direct Debt	(4,454,057)	(3,947,163)
	$ 1,162,641	$ 1,421,583
Trust Funds under Administration	$ 2,024,306	$ 1,802,837

Contingent Liabilities and Commitments (Notes 2, 6 and 7)

Province of Nova Scotia

Consolidated Fund Transactions

for the fiscal year ended March 31, 1990

	1990	1989
	(in thousands)	
Budgetary Transactions		
Current Account		
Excess of Current Operating Expenditure over Revenue and Recoveries	$ 61,753	$ 61,117
Sinking Fund Instalments and Serial Retirements	100,824	90,917
Net Revenue Deficit	162,577	152,034
Capital Account		
Net Capital Expenditure	335,818	297,889
Advance under the Appropriations Act	40	40
Net Budgetary Transactions	498,435	449,963
Non-Budgetary Transactions		
Capital Expenditure for which no vote is required	3,202	2,670
Net (Decrease) Increase in Advances and Investments	(1,811)	7,802
Expenditure from Health Services Reserve Account	4	18
Expenditure from Funds Created from Special Reserve	1,351	1,673
Earnings on sinking funds pertaining to borrowings for Nova Scotia Power Corporation credited to their Advances	3,981	3,317
Debt Retirement not chargeable to Current Revenue	2,150	3,722
Non-Budgetary Transactions	8,877	19,202
Total Budgetary and Non-Budgetary Transactions	507,312	469,165
Less: Non-Fund Requiring Transactions	29,150	4,215
	478,162	464,950
Refinancing Transactions	185,847	174,188
Assumption of Sysco Debt (Note 2)	785,000	—
Total Consolidated Fund Transactions	$ 1,449,009	$ 639,138
Funds Provided By:		
Debentures Issued	$ 967,757	$ 613,747
Other Capital Liabilities	—	22,048
Disposal of Capital Assets	396	13,231
Increase in non-cash Net Current Liabilities	117,686	21,000
Net Decrease (Increase) in Cash and Short-term Investments less Bank Advances and Short-term Borrowings	363,170	(30,888)
	$ 1,449,009	$ 639,138

Current Revenue and Expenditure

for the fiscal year ended March 31, 1990

	1990			1989
	Estimate	Forecast	Actual	Actual
		(in thousands)		
Revenue and Recoveries				
Provincial Sources				
Income Taxes	$ 909,149	$ 923,800	$ 923,749	$ 843,380
Sales Taxes	905,148	873,468	870,088	809,737
Interest Revenue	79,260	79,895	92,378	79,179
Liquor Commission	80,500	83,500	83,349	80,759
Transportation and Registry of Motor Vehicles	49,347	49,398	48,641	42,632
Other Provincial Revenue	126,586	121,119	123,047	112,387
Federal Sources				
Equalization	849,523	865,194	865,194	795,821
Established Programs Financing	377,963	367,600	367,606	365,498
Shared Cost Programs	235,543	222,911	216,583	192,996
Other Federal Payments	2,251	2,251	2,251	2,251
Other Recoveries	90,701	92,748	95,109	87,284
	3,705,971	3,681,884	3,687,995	3,411,924
Expenditure				
General Government	103,470	106,873	106,943	111,700
Public Protection	144,890	146,678	147,066	131,261
Transportation and Communication	141,604	144,527	147,049	137,204
Resource Development	186,062	183,452	212,243	188,824
Health	1,085,793	1,105,644	1,106,544	1,020,044
Social Services	421,673	422,371	417,830	371,750
Education	958,018	958,977	959,684	911,548
Culture and Recreation	36,490	38,855	38,590	27,806
Debt Charges (Note 5)	608,929	578,953	570,871	560,126
Municipal Affairs	67,469	67,185	67,074	66,372
	3,754,398	3,753,515	3,773,894	3,526,635
Excess of Current Operating Expenditure over Revenue and Recoveries before prior years' adjustments	48,427	71,631	85,899	114,711
Prior Years' Adjustments — Federal-Provincial Fiscal Arrangements	—	24,146	24,146	53,594
Excess of Current Operating Expenditure over Revenue and Recoveries	48,427	47,485	61,753	61,117
Sinking Fund Instalments and Serial Retirements	98,510	98,510	100,824	90,917
Net Revenue Deficit	$ 146,937	$ 145,995	$ 162,577	$ 152,034

Capital Expenditure

for the fiscal year ended March 31, 1990

	1990			1989
	Estimate	Forecast (in thousands)	Actual	Actual
Capital Expenditure				
General Government	$ 11,784	$ 12,025	$ 10,420	$ 29,091
Public Protection	2,473	2,911	2,576	2,803
Transportation and Communication	137,873	149,179	160,636	131,304
Resource Development	86,753	115,879	114,104	131,277
Health	41,616	40,872	37,580	34,421
Social Services	241	279	191	318
Education	21,038	21,898	21,991	14,658
Culture and Recreation	18,683	23,787	24,182	11,305
Municipal Affairs	28,394	29,280	30,585	27,114
	348,855	396,110	402,265	382,291
Less: Recoveries	64,836	64,292	63,245	81,732
Net Capital Expenditure	$ 284,019	$ 331,818	$ 339,020	$ 300,559

Note: Capital expenditures consist of budgetary and non-budgetary transactions which for the year ended March 31, 1990 amounted to $335,818,000 and $3,202,000 respectively (1989 - $297,889,000 and $2,670,000).

Changes in Net Direct Debt

for the fiscal year ended March 31, 1990

	1990	1989
	(in thousands)	
Net Direct Debt — beginning of year	$ 3,947,163	$ 3,755,603
Add:		
Excess of Current Operating Expenditure over Revenue and Recoveries (Statement 3)	61,753	61,117
Transactions not affecting Net Direct Debt	10,115	6,970
	71,868	68,087
Net Capital Expenditure (Statement 4)	339,020	300,559
Expenditures from Reserve Accounts —		
Funds created from Special Reserve Account	1,351	1,673
Health Services Reserve Account	4	18
Change in provision for doubtful advances	(107)	(130)
Assumption of indebtedness of Sydney Steel Corporation; 1989 - Deficiency in Net Assets (Note 2)	341,458	117,736
Discounts on debentures issued	11,226	6,039
Total Additions to Net Direct Debt	764,820	493,982
Deduct:		
Income from sinking funds	130,735	117,815
Increase in unrealized gain in respect of the translation of foreign currency debt, sinking funds and advances	126,795	171,376
Proceeds of disposal of capital assets	396	13,231
Total Deductions from Net Direct Debt	257,926	302,422
Increase in Net Direct Debt for the year	506,894	191,560
Net Direct Debt — end of year	$ 4,454,057	$ 3,947,163

Advances and Investments

as at March 31, 1990

	Advances and Investments	Provisions	Advances and Investments less Provisions 1990	1989
		(in thousands)		
Advances:				
Housing —				
Housing Development Act (net of Canada Mortgage and Housing Corporation and other borrowings of $58,174,000 in 1990 and $61,539,000 in 1989)	$ 118,221	$ 3,195	$ 115,026	$ 117,361
Resource and Industrial Development —				
Agriculture and Rural Credit Act	143,257	4,090	139,167	135,269
Business Capital Corporation Act	50,839	14,070	36,769	2,328
Deuterium of Canada Act	113,897	—	113,897	113,897
Fisheries Development Act	61,159	1,164	59,995	61,687
Industrial Development Act	151,842	68,069	83,773	69,038
Industrial Estates Limited Act	—	—	—	41,236
Industrial Loan Act	37,156	10,537	26,619	31,392
Nova Scotia Power Corporation Act	17,287	—	17,287	64,666
Small Business Development Corporation Act	44,891	3,217	41,674	17,818
Venture Corporations Act	10,129	5,793	4,336	4,543
Miscellaneous	890	—	890	849
Other —				
Loans to Municipalities	22,754	—	22,754	25,900
Universities Assistance Act	74,407	—	74,407	68,746
Health Services Tax Act	1,431	1,431	—	—
	848,160	111,566	736,594	754,730
Investments:				
Investments in Industrial Estates Limited	—	—	—	20,968
Other Investments	15,338	3,207	12,131	13,955
	15,338	3,207	12,131	34,923
	$ 863,498	$ 114,773	$ 748,725	$ 789,653

Additional Advances, Investments and Repayments

for the fiscal year ended March 31, 1990

Additional Advances and Investments 1990	1989		Repayments 1990	1989
(in thousands)			(in thousands)	
		Housing —		
$ 39,387	$ 39,134	Housing Development Act	$ 40,750	$ 43,076
		Resource and Industrial Development —		
17,641	14,708	Agriculture and Rural Credit Act	12,736	13,600
46,326	4,730	Business Capital Corporation Act	199	18
7,923	15,128	Fisheries Development Act	9,589	10,249
54,920	10,511	Industrial Development Act	13,504	6,921
—	—	Industrial Estates Limited Act	71,201	8,795
6,163	12,298	Industrial Loan Act	5,775	5,832
—	180	Nova Scotia Power Corporation Act	48,031	5,070
28,496	5,004	Small Business Development Corporation Act	3,766	3,953
633	1,240	Venture Corporations Act	150	244
40	40	Miscellaneous	—	66
		Other —		
—	—	Loans to Municipalities	3,146	3,243
5,661	8,196	Universities Assistance Act	—	2,317
—	—	Health Services Tax Act	157	99
$ 207,190	$ 111,169		$ 209,004	$ 103,483

Note: Included in additional advances, investments and repayments for the fiscal year ended March 31, 1990 is the effect of the winding down of Industrial Estates Limited (IEL) which included the transfer of IEL capital advances ($39,345,000) to Business Capital Corporation and the transfer of IEL industrial parks ($22,200,000) to Small Business Development Corporation.

Debentures and Sinking Funds

as at March 31, 1990

Series	Date of Issue	Date of Maturity	Rate	Amount Outstanding	Sinking Funds
				(in thousands)	
Payable in Canadian Currency					
Canada Pension Plan Investment Fund (A)					
CP07	July 2, 1971	March 1, 1991	7.79%	$ 34,041	$ 31,989
CP08	May 1, 1972	March 1, 1992	7.08	35,715	30,142
CP11	Aug. 1, 1973	March 1, 1993	7.36	38,567	28,891
CP13	Aug. 1, 1974	March 1, 1994	7.53	43,767	29,050
CP14	Aug. 1, 1975	March 10, 1995	8.55	50,910	29,680
CP15	Oct. 1, 1976	March 2, 1996	8.94	57,325	29,143
CP16	Nov. 1, 1977	March 3, 1997	9.00	59,709	26,286
CP18	Nov. 1, 1978	March 1, 1998	9.08	62,852	23,833
CP19	Feb. 1, 1980	March 1, 1999	9.56	68,176	21,754
CP20	Nov. 1, 1980	March 3, 2000	10.59	73,922	20,288
CP21	Oct. 1, 1981	March 2, 2001	12.70	78,277	17,994
CP22	April 1, 1982	March 1, 2002	15.43	96,251	19,074
CP23	June 1, 1983	March 1, 2003	14.67	93,725	14,809
CP24	June 1, 1984	March 1, 2004	11.60	90,597	11,100
CP25	Aug. 1, 1985	Jan. 2, 2005	13.37	85,762	8,213
CP26	April 1, 1986	March 3, 2006	11.48	91,752	6,482
CP27	May 1, 1987	March 2, 2007	9.61	109,641	4,741
CP29	May 1, 1988	March 1, 2008	9.77	81,516	1,760
CP30	June 1, 1989	Dec. 1, 2008	10.08	78,450	(A)
T281	April 3, 1989	April 3, 2009	10.31	8,784	(A)
T282	May 1, 1989	May 1, 2009	10.17	20,044	(A)
T283	June 1, 1989	June 1, 2009	10.01	20,500	(A)
T284	July 4, 1989	July 4, 2009	9.61	9,109	(A)
T285	Aug. 1, 1989	Aug. 1, 2009	9.41	4,339	(A)
T286	Sept. 1, 1989	Sept. 1, 2009	9.15	890	(A)
T287	Oct. 2, 1989	Oct. 2, 2009	9.35	1,610	(A)
T288	Nov. 1, 1989	Nov. 1, 2009	9.62	8,860	(A)
T289	Dec. 1, 1989	Dec. 1, 2009	9.26	1,816	(A)
T290	Mar. 1, 1990	Mar. 1, 2010	9.78	9,266	(A)
				1,416,173	355,229

Province of Nova Scotia

Series	Date of Issue	Date of Maturity	Rate	Amount Outstanding	Sinking Funds
	Other Issues				
7X	May 1, 1980	May 1, 1990	13.750	92,424	10,207
6Y	July 15, 1970	July 15, 1990	9.250	15,000	10,598
7A	March 1, 1971	March 1, 1991	7.250	20,000	18,952
6F	Nov. 1, 1966	Nov. 1, 1991	6.250	15,000	15,000
7C	Dec. 1, 1971	Dec. 1, 1991	7.625	15,000	9,232
6G	Jan. 2, 1967	Jan. 2, 1992	6.500	20,000	18,141
BN	Nov. 1, 1980	Dec. 1, 1990-1993(a)	12.125	111	(B)
8M	Nov. 1, 1983	Nov. 1, 1993	12.000	100,000	16,841
6B	March 1, 1964	March 1, 1994	5.500	7,500	7,500
8R	Feb. 20, 1985	Feb. 20, 1995	11.625	100,000	19,112
7D	Dec. 1, 1971	Dec. 1, 1996	7.625	10,000	6,391
8G	April 15, 1982	April 15, 1997	15.500	100,000	22,192
7Q	Jan. 1, 1979-1990	Jan. 1, 1998	5.500	55,567	(C)
7U	Dec. 21, 1978	Dec. 21, 1998	10.000	50,000	16,231
8Z	March 1, 1988	March 1, 1998	9.875	150,000	3,028
7W	Jan. 4, 1980	Jan. 4, 2000	11.250	75,000	20,739
7K	March 3, 1975	March 3, 2000	9.250	35,000	20,390
7Z	Dec. 29, 1980	Dec. 29, 2000	13.375	85,000	20,002
7S	March 15, 1978	March 15, 1991-2003(a)	9.750	9,750	(B)
7V	March 30, 1979	March 30, 1991-2004(a)	10.500	14,000	(B)
8Q	Dec. 18, 1984	Dec. 18, 2004	12.625	150,000	13,003
7T	Sept. 7, 1978	Sept. 7, 1990-2008(a)	9.750	15,200	(B)
8S	July 3, 1985	July 3, 2009	11.250	150,000	8,131
8U	Dec. 12, 1985	Dec. 12, 2009	10.875	150,000	7,654
				1,434,552	263,344

Province of Nova Scotia

Series	Date of Issue	Date of Maturity	Rate	Amount Outstanding	Sinking Funds
Payable in United States Currency (E)					
6E	Jan. 15, 1966	Jan. 15, 1991	5.125 (U.S. $ 510)	596	193
8D	Nov. 15, 1981	Nov. 15, 1991	15.750 (U.S. $125,000)	146,188	29,841
6H	Feb. 1, 1967	Feb. 1, 1992	5.875 (U.S. $ 40,000)	46,780	46,780
8X	June 1, 1987	June 1, 1992	8.875 (U.S. $125,000)	146,188	37,309
6J	July 1, 1967	July 1, 1992	6.250 (U.S. $ 35,000)	40,933	40,933
6K	Oct. 15, 1967	Oct. 15, 1992	6.500 (U.S. $ 35,000)	40,932	40,932
6N	Feb. 1, 1968	Feb. 1, 1993	7.000 (U.S. $ 40,000)	46,780	46,780
6Q	Aug. 1, 1968	Aug. 1, 1993	7.250 (U.S. $ 25,000)	29,238	29,238
6S	Nov. 15, 1968	Nov. 15, 1993	7.250 (U.S. $ 35,000)	40,932	40,932
6T	March 1, 1969	March 1, 1994	7.625 (U.S. $ 30,000)	35,085	35,085
6U	Aug. 1, 1969	Aug. 1, 1994	8.625 (U.S. $ 35,000)	40,933	40,933
6V	Nov. 15, 1969	Nov. 15, 1994	9.000 (U.S. $ 35,000)	40,932	40,932
8Y	Jan. 1, 1988	Jan. 1, 1995	9.625 (U.S. $200,000)	233,900	10,085
6W	March 15, 1970	March 15, 1995	9.750 (U.S. $ 20,000)	23,390	23,390
7P	Dec. 29, 1977	Dec. 29, 1990-1997 (a)	8.875 (U.S. $ 27,500)	32,161	(B)
8K	Feb. 1, 1983	Feb. 1, 1998	11.750 (U.S. $100,000)	116,950	28,835
7L	March 1, 1976	March 1, 2001	9.250 (U.S. $ 60,000)	70,170	42,125
9D	Nov. 15, 1989	Nov. 15, 2011/2019	8.250 (U.S. $250,000)	292,375	(D)
8L	May 15, 1983	May 15, 2013	11.500 (U.S. $150,000)	175,425	14,903
8V	March 15, 1986	March 15, 2016	8.875 (U.S. $150,000)	175,425	8,375
9B	Feb. 1, 1989	Feb. 1, 2019	9.500 (U.S. $200,000)	233,900	2,378
9C	July 1, 1989	July 1, 2019	8.875 (U.S. $200,000)	233,900	(D)
9E	Mar. 1, 1990	Mar. 1, 2020	9.250 (U.S. $300,000)	350,850	(D)
				2,593,963	559,979

Series	Date of Issue	Date of Maturity	Rate		Amount Outstanding	Sinking Funds
Payable in Other Currencies (F)						
8T	Nov. 13, 1985	Nov. 13, 2005	5.50	(SF 200,000)	156,080	11,223
8C	Oct. 31, 1981	Oct. 31, 2011	16.75	(UK£ 30,000)	57,714	4,396
8P	April 18, 1984	April 18, 2019	11.75	(UK£ 60,000)	115,428	2,798
AL	March 18, 1987	March 18, 1997-2008(a)	5.75	(Yen 30,000,000)	221,340	12,229
9A	Nov. 9, 1988	Nov. 9, 1998	5.40	(Yen 30,000,000)	221,340	4,177
					771,902	34,823
General Sinking Funds					N/A	209,491
					$6,216,590	$1,422,866

The following is a schedule of debentures maturing in each of the next five fiscal years with related sinking funds. Amounts payable in foreign currencies and related sinking funds invested in foreign currencies are expressed at the Canadian dollar equivalent at the rates prevailing at the date of the financial statements.

For the year ending March 31	Maturing Debentures	Related Sinking Funds
	(in thousands)	
1991	$ 168,522	$ 71,939
1992	285,109	149,136
1993	319,827	194,845
1994	262,956	158,646
1995	496,474	164,132

NOTES:

(a) Serial maturity

(A) Debentures held by the Canada Pension Plan Investment Fund are payable 20 years after their respective dates of issue, are not negotiable and not transferable or assignable but are redeemable in whole or in part before maturity at the option of the Minister of Finance of Canada, on six months' prior notice when he deems it necessary in order to meet the requirements of the Canada Pension Plan. Amounts are borrowed monthly and consolidated into one debenture annually.

The Province has established sinking funds for retirement of borrowings from the Canada Pension Plan Investment Fund, with annual payments commencing one year after the consolidation of monthly borrowings.

(B) Debenture issues to be retired through annual principal payments during the years indicated.

(C) Issue to be retired from proceeds of a trust established to repay indebtedness to the Province.

(D) Sinking fund payments normally commence on the first anniversary date of the issue of the debentures and are generally designed to retire the debt over a 20 to 25 year period unless the term of the issue is longer. Sinking fund investments consist primarily of debentures of the Province of Nova Scotia and Government of Canada.

(E) Debentures payable in U.S. currency, totalling U.S. $2,218,010,000 and related sinking funds of U.S. $478,819,000 are reflected at the rate of exchange in effect at March 31, 1990.

(F) Canadian dollar equivalent at rates of exchange in effect at March 31, 1990.

Notes to the Financial Statements

March 31, 1990

1. FINANCIAL REPORTING AND ACCOUNTING POLICIES

Public Accounts

The Public Accounts of the Province, of which these financial statements are a part, are presented annually to the Legislative Assembly and contain, among other information, the detail of revenue and recoveries, current and capital expenditure, borrowing and investing authorities as well as detailed expenditure by object.

The receipt of public revenues, the disbursement of public funds, the control of expenditures and the keeping and auditing of the accounts of the Province are governed by various Provincial statutes.

The Reporting Entity

All receipts and disbursements of public money must flow through the "Consolidated Fund" of the Province. However the Consolidated Fund does not include special funds such as trust, pension and sinking funds.

Receipts and disbursements consist of current revenue and expenditure, capital expenditure, recoveries, advances and investments, and other transactions.

Any net cash requirement of the Consolidated Fund is provided by the Province's traditional sources of financing, including internal sources and borrowings in financial markets.

The financial operations of provincially owned or controlled corporations and agencies, with the exception of the Nova Scotia Liquor Commission, are not consolidated in these financial statements and are reflected in revenue and expenditure of the Province only to the extent of any operating grants made by the Province. Operating grants are normally reflected as current expenditure. Net profits of the Nova Scotia Liquor Commission and the Nova Scotia Liquor License Board are included in current revenue of the Province.

The following are major crown corporations and agencies of the Province:

Housing Development Corporation — A Crown corporation established to provide long-term mortgage financing through outside lenders for the Public Non-Profit Housing Program and various home ownership programs of the Department of Housing. Administration and management of the corporation is provided by the Department of Housing. The corporation pays an administration fee to the Department to the extent that interest revenues exceed expenses and interest costs in any year.

Nova Scotia Municipal Finance Corporation — Established to provide financing of approved capital projects for municipalities, municipal enterprises, school boards and hospitals through a central borrowing authority. Borrowings of the corporation are guaranteed by the Province and the proceeds are reloaned to municipalities, municipal enterprises and participating hospitals on substantially the same terms as the corporation's borrowings. Administrative expenses are paid by an operating grant from the Province.

Nova Scotia Power Corporation — A Crown corporation engaged in the production and sale of electric energy. The Province guarantees the corporation's borrowings, otherwise it is an autonomous commercial entity.

Nova Scotia Research Foundation Corporation — Established to assist in the economic development of Nova Scotia by promoting, stimulating and encouraging the effective utilization of science and technology by industry and government. The corporation receives an annual operating grant from the Province to defray its operating expenses in excess of its contract revenue and investment income.

Nova Scotia Resources Limited — Established to invest in and manage the Province's participation in petroleum, energy and mineral projects. The Province guarantees the corporation's borrowings.

Sydney Steel Corporation — A Crown corporation engaged in the manufacture and sale of steel products. The assumption of debt by the Province in January 1990, and the modernization of facilities are intended to facilitate the corporation becoming a self-sufficient operating entity. The Province continues to guarantee lines of credit for working capital purposes and to provide grants in respect of debt servicing for outstanding debenture debt.

Trade Centre Limited — A Crown corporation engaged in the operation of a trade and convention centre and the leasing of office and commercial space. The Province guarantees the corporation's borrowings and provides annual grants for operating and debt retirement purposes.

Waterfront Development Corporation Limited — Established to redevelop and revitalize sections of the waterfronts of Halifax and Dartmouth in accordance with an agreement between the corporation and the Province. The Province guarantees the corporation's borrowings and provides annual operating grants.

Net Direct Debt

The Province's financial statements are presented so as to highlight net direct debt, a measurement of financial position. Net direct debt consists of the direct liabilities of the Province less its realizable assets. Capital expenditures are not considered to be realizable assets for purposes of calculating net direct debt. Transactions affecting net direct debt are summarized in the statement of changes in net direct debt.

Budgetary Process

The budgetary estimates, as approved by the Legislative Assembly, provide the authority for current and capital expenditures and indicate the anticipated revenues and recoveries of the Province for the fiscal year. Authority for current expenditure expires at the end of the fiscal year. Authority for capital expenditure for a fiscal year does not expire until the end of the following fiscal year.

Authority for current and capital expenditures is also provided by special legislation and by order of the Lieutenant Governor in Council under the authority of the Provincial Finance Act.

The Estimates are presented annually to the Legislative Assembly and reflect anticipated revenue and expenditure programs for the fiscal year for which approval is requested.

The Estimates also include a Forecast for the previous fiscal year indicating revisions of revenue and expenditure projections.

Estimate and Forecast figures are reflected in the statements of current revenue and expenditure and of capital expenditure.

Accrual Accounting

The accounts of the Province are kept on the accrual basis, revenues being recorded when earned and expenditures being recorded when the liabilities are incurred, with the following exceptions.

Payments from the Federal Government under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act in respect of Equalization and Established Programs Financing Payments and under the Tax Collection Agreement in respect of Personal and Corporate Income Taxes are subject to adjustment in future years. Adjustment payments are reflected separately under "Prior Years' Adjustments-Federal-Provincial Fiscal Arrangements."

Entitlements or liabilities are accrued on the basis of the best estimates available when the financial statements are prepared.

Net Revenue Surplus/Deficit, Special Reserve and Health Services Reserve Accounts

The annual net revenue surplus/deficit consists of current revenue and recoveries, excluding sinking fund earnings, less current operating expenditure, and annual sinking fund instalments and serial retirements in respect of capital liabilities.

Pursuant to the Provincial Finance Act, the net revenue surplus in any year may be transferred to special reserve account. The Health Services Tax Act provides that the Minister of Finance may pay out of the Consolidated Fund of the Province such sums as are deemed necessary to establish the health services reserve account. Amounts in these accounts and funds created therefrom may be used for the various purposes defined under the Acts.

Current Revenue

The main sources of revenue for the Province are as follows:

Federal Sources — Since 1941 the Government of Canada has cooperated with the provinces in arrangements for the collection and distribution of tax revenues. The major components of these arrangements are Equalization and the Established Programs Financing Payments.

Equalization; annual payments based on the Province's fiscal capacity measured against a five-province average fiscal capacity on a per capita basis. There is currently a ceiling on the total payments by the Federal Government for this program to ensure that in any year the percentage increase of such payments does not exceed that of Canada's gross national product.

Established Programs Financing Payments; block funding arrangements in respect of post-secondary education, insured health services and extended health care services. Per capita entitlements are currently frozen at 1989-90 levels for the two fiscal years ending March 31, 1992.

Shared Cost Programs; the Federal Government pays a portion of certain program costs for social services, adult occupational training programs and approved resource and industrial development projects.

Provincial Sources —
Income Taxes; both personal and corporate income taxes are collected on behalf of the Province by the Federal Government. Personal income tax is assessed as a percentage of the basic Federal tax payable on personal income earned in Nova Scotia, while the corporate income tax is based on corporate income earned in the Province.

Sales Taxes; include the health services tax and gasoline and diesel oil taxes. The health services tax applies to most goods consumed and certain services provided within the Province. Gasoline and diesel oil taxes are based on a percentage of the average retail price of these motive fuels.

Current Expenditure

The major program expenditures of the Province by purpose are as follows:

Health; the Province administers a universal and comprehensive medical service and hospital care plan. Annual operating grants are paid to 52 hospitals and health-care institutions, funding is also provided for a dental care program for residents under 14 years of age and for pharmaceutical services for residents over 65 years of age.

Education; the Province provides operating grants to school boards and assists universities through operating grants and loans for capital purposes, (see Note 7. "Commitments").

Social Services; the Province provides direct assistance payments to handicapped and other disadvantaged persons and cost-shares with the municipalities for provision of adult residential care and short-term social assistance. Except for extended health care services which are covered by the Established Programs Financing program, most costs of social services are shared equally with the Federal Government.

Capital Expenditure

Expenditures resulting in the construction or acquisition of assets which are expected to have a useful life in excess of five years are charged to capital in the Province's accounts. Capital account appropriations also include certain expenditures on assets of a long-term nature to which title may vest with entities other than the Provincial Government (such as hospitals or municipalities), but which are considered to be for the benefit of the general populace of the Province. In addition, capital account appropriations include the present value of long-term leases under which the Province assumes substantially all of the benefits and risks of ownership related to the leased property, and assets acquired under long-term purchase agreements.

Capital Advances and Investments

Capital advances and investments, including those to or on behalf of corporations and agencies owned or controlled by the Province, are made under the authority and limitations of various Provincial statutes. Capital advances and investments are reflected in the financial statements net of losses and provisions for losses, which are established as required through charges to current revenue and expenditure.

The major loan programs funded by the Province are as follows:

Nova Scotia Farm Loan Board — provides loans to individuals, partnerships and corporations engaged in the farming industry.

Nova Scotia Business Capital Corporation — provides business loans of a minimum of $3,000,000 and administers the activities of the industrial expansion fund, and the loan portfolio formerly administered by Industrial Estates Limited.

Fisheries Development Fund — provides loans for the construction or purchase of vessels, machinery and other fishing equipment.

Housing Development Fund — provides subsidized mortgage loans for home ownership and low interest loans for home insulation, repair or rehabilitation; provides the Province's share of capital housing programs which include the construction of lease purchase housing units, the assembly and servicing of land, and the construction of public housing.

Small Business Development Corporation — provides loans under $3,000,000 to small businesses. In addition at March 31, 1990, the corporation took over ownership and operation of industrial parks formerly owned and operated by Industrial Estates Limited.

Accounts Receivable and Current Advances

Accounts receivable and current advances are reflected in the financial statements net of provisions for losses or uncollectible amounts, which are established as required through charges to current revenue and expenditure.

Inventories

Inventories consist mainly of goods for resale and machinery repair parts, gravel, lumber and other materials relating to the upkeep of highways. Inventories also include selected operating supplies, which are used mainly by Provincially operated hospitals, hotels and educational institutions. Inventories are stated at the lower of cost and net realizable value.

Debentures and Sinking Funds

Debentures payable in foreign currencies, accrued interest thereon, and related sinking funds invested in foreign currencies, are reflected in the statement of financial position at the Canadian dollar equivalent at rates of exchange prevailing at the date of the financial statements. Unrealized foreign currency gains or losses on debentures, net of related sinking funds, are amortized over the terms of the respective debenture issues by charges or credits to current expenditure. Sinking fund instalments, serial retirement payments and interest payable in foreign currencies are reflected in current expenditure at rates in effect at the date of the payment.

Discounts and underwriting commissions related to the issuance of debentures are amortized over the terms of the related debenture issues by charges to current expenditure.

Sinking funds are maintained for the purpose of retiring debentures and Government of Canada loans. Sinking fund payments normally commence on the first anniversary date of the issue of the debentures and are generally designed to retire the debt over a 20 to 25 year period unless the term of the issue is longer.

Sinking fund investments are reflected in the statement of financial position at amortized cost, and consist primarily of debentures of the Province of Nova Scotia and Government of Canada. Sinking funds for debentures payable in U.S. currency are invested in U.S. funds. Where feasible, sinking funds for debentures payable in other currencies are invested in the currency of the issue, with the balance invested in Canadian funds.

Pursuant to the Provincial Finance Act, sinking fund instalments and serial retirements of capital liabilities are treated as a current expenditure in the calculation of net revenue surplus (deficit).

Earnings on sinking funds are credited directly to net direct debt.

2. SYDNEY STEEL CORPORATION (SYSCO)

To March 31, 1990, the Province had made cumulative operating grants to Sysco totalling $198,131,000, made $102,631,000 in equity contributions for debt retirement, and contributed $285,523,000 in respect of capital expenditure programs of which $203,854,000 has been recovered from the Federal Government. Annual operating grants are reflected as current expenditure and equity contributions as capital expenditure in the Province's financial statements.

On January 31, 1990 the Province assumed $785,000,000 of Sydney Steel Corporation's indebtedness which had been guaranteed by the Province; accordingly the excess of indebtedness assumed by the Province over the deficiency in net assets of Sysco previously provided for in the accounts of the Province was charged to net direct debt. As at March 31, 1990, the Province had refinanced approximately $350,000,000 of such indebtedness. The balance was reflected in the net working capital position.

3. DEUTERIUM OF CANADA LIMITED (DEUTERIUM)

At March 31, 1990, non-interest bearing advances to Deuterium amounted to $113,897,000.

On February 9, 1978, an agreement was signed for the sale of the facilities of Deuterium and its subsidiaries to Atomic Energy of Canada Limited (AECL), the Federal Government corporation responsible for Canada's nuclear program. The purchase price is being paid in eighty quarterly instalments of $825,000. Title to the facilities will pass upon payment of the final instalment.

The instalments are being paid to a trustee, which is obligated to invest the funds and the earnings thereon in debentures of the Province yielding 5.5% to maturity. These investments amounted to $55,567,000 at March 31, 1990. At the date of the final payment, January 1, 1998, the fund will total $118,900,000 and will be used to repay the Province's advances to and investment in Deuterium.

4. DEBENTURES AND OTHER CAPITAL LIABILITIES

Debentures payable in foreign currencies and related sinking funds invested in foreign currencies are reflected in the statement of financial position at the Canadian dollar equivalent at rates of exchange prevailing at the date of the financial statements. (See Statement of Debentures and Sinking Funds for details.)

As at March 31, 1990 the unrealized net gains on foreign currency translation amounted to $181,382,000. (1989 – $72,856,000).

As at March 31, 1990 unamortized discounts on debentures amounted to $47,039,000 (1989 - $40,765,000).

	1990	1989
	(in thousands)	
Debentures	$6,216,590	$5,625,809
Government of Canada Loans	29,297	32,032
Obligation under Capital Leases and Purchase Agreement	32,923	33,258
	6,278,810	5,691,099
Less: Sinking Funds	1,426,702	1,267,643
	$4,852,108	$4,423,456

Government of Canada loans include funds provided in respect of municipal projects under federally sponsored programs which the Province in turn advanced to municipalities under similar terms and conditions. These advances amounted to $13,299,000 at March 31, 1990 (1989 - $14,842,000). The balance of the loans from the Government of Canada were provided to fund provincially sponsored projects. These loans bear interest at rates ranging from 7.03% to 9.57% and mature from March 31, 1993 to March 31, 2003, with $2,964,000 payable within the next fiscal year.

5. DEBT CHARGES

Debt charges consist of the following:

	1990	1989
	(in thousands)	
Interest on outstanding debentures	$576,101	$566,216
Amortization of discounts on debentures	4,952	5,565
Interest on short-term borrowings	6,984	1,662
Foreign exchange (gains) costs realized	(378)	313
Amortization of unrealized foreign exchange gains	(18,269)	(15,205)
Other financing charges and costs	1,481	1,575
	$570,871	$560,126

6. CONTINGENT LIABILITIES

The Province acts as a guarantor of debt issued by Crown corporations, agencies, and various other entities under authorities provided by Provincial statutes. At March 31, 1990, outstanding bank loans, bonds, debentures, etc., directly guaranteed by the Province are summarized below, net of sinking fund balances:

	(in thousands)
Nova Scotia Power Corporation	$1,478,015
Nova Scotia Municipal Finance Corporation	364,938
Nova Scotia Resources Limited	167,198
Halifax-Dartmouth Bridge Commission	97,138
Industrial Development Act	31,881
Sydney Steel Corporation (See Note 2)	19,513
Other	37,462
	$2,196,145

The Province is also contingently liable, pursuant to an agreement between the Government of Canada and the Province entered into under the Atlantic Provinces Power Development Act, for the repayment by the Nova Scotia Power Corporation of long-term notes payable to the Government of Canada amounting to $37,075,000 at March 31, 1990.

The Province had also guaranteed performance bonds and letters of credit totalling $7,860,000 for Sydney Steel Corporation and has issued other performance guarantees totalling $22,500,000.

7. COMMITMENTS

The Province was obligated to the extent of approximately $96,993,000 for construction contracts entered into on or before March 31, 1990 and not completed at that date, of which $22,446,000 is being funded by other agencies or the Federal Government.

The Province also has a statutory requirement to make payments to municipalities and school boards to service debt incurred with respect to the construction, alteration and improvements to school buildings or acquiring land therefor. At March 31, 1990, outstanding debt of the municipalities and school boards for these purposes was $180,673,000, of which $129,500,000 was provided through the Provincially guaranteed borrowings of the Nova Scotia Municipal Finance Corporation. Annual principal and interest payments to service this debt for the years ending March 31, 1991 to 1995 are $48,563,000, $44,488,000, $39,449,000, $36,981,000, and $33,664,000, respectively. In addition there are approved school construction projects amounting to $119,576,000, for which, if completed, the Province will be obligated to pay debt servicing grants.

At March 31, 1990 the Province was committed to providing debt servicing grants with respect to $169,340,000 of debt related to the cost of approved hospital construction projects. Of this amount $34,300,000, was provided through guaranteed borrowings of the Nova Scotia Municipal Finance Corporation. Annual debt servicing grants payable for the years ending March 31, 1991 to 1995 are $10,800,000, $13,000,000, $22,991,000, $24,736,000, and $23,742,000, respectively.

8. PUBLIC SERVICE SUPERANNUATION FUND

Employees of the Province and certain of its entities are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. Provincial legislation and regulations provide that certain payments to pensioners are charged to the Consolidated Fund of the Province rather than to the Public Service Superannuation Fund. Such payments for the fisal year ended March 31, 1990 amounted to $2,541,000 (1989 - $2,484,000) or 6.0% of the total benefits paid. In addition, payments must be made by the Province out of its Consolidated Fund if the Public Service Superannuation Fund is insufficient to provide for pension payments as they become due.

The plan is funded by employee constributions of 7% of salary and equal contributions by the Province and participating agencies. During the fiscal year ended March 31, 1990, employee and employer contributions for the year totalled $65,751,000.

Pensions are paid on the basis of the average salary for the five highest years at the rate of 2% for each year for which contributions were made. Contributions and benefits paid are integrated with the Canada Pension Plan. Employees and the Province contribute at a reduced rate (5.4%) and employees receive a reduced pension (1.3%) in respect of earnings eligible for Canada Pension Plan benefits. Pension payments are increased annually (January 1) by the lesser of the increase in the Consumer Price Index or 6%.

At March 31, 1990, the book value of the Public Service Superannuation Fund amounted to $1,071,433,000 (1989 - $947,493,000). Fixed term investments are valued at amortized cost and equity investments are valued at cost. At March 31, 1990 the market value of assets was $634,000 less than book balue, (1989 - $30,467,000 in excess of the book value).

The most recent actuarial valuation based on information as of March 31, 1990 projects liabilities for each member on the basis of service earned to date and projected average salaries for the five highest years at the date of retirement. The assumptions used in the actuarial valuation at March 31, 1990 include a 4.5% inflation rate, 0.5% real average salary increase, plus an average of 1.3% for merit increases, and a 4.5% real rate of return on investments. The actuarial valuation indicates that at March 31, 1990, the Fund had actuarial liabililties with a present value of $1,328,147,000, and assets valued for actuarial purposes at $1,081,744,000 resulting in an unfunded actuarial liability of $246,403,000. Approximately 88% of employee and employer contributions are required to meet current service costs; the remaining 12% is available for funding of past service costs.

This brochure and other Financial Publications may be obtained by writing to:

A.G. Manuel, C.A.
Deputy Minister
Department of Finance
Post Office Box 187
Halifax, Nova Scotia
B3J 2N3